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C O N F I D E N T I A L SECTION 01 OF 02 YEREVAN 000278

SIPDIS

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SUBJECT: NATIONALIST DASHNAK PARTY BOLTS COALITION IN
PROTEST OF TURKEY OPENING

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Classified By: AMB. Marie L. Yovanovitch, reasons 1.4 (b,d)

¶1. (C) SUMMARY: The Armenian Revolutionary Federation (ARF; aka Dashnaksutyun) party announced its resignation from the ruling coalition April 27, as a protest against President Sargsian's initiative to normalize relations with Turkey. The ARF criticized the recent Armenian joint communique with Turkey and Switzerland as having derailed prospects for a US presidential statement labeling the Armenian massacres of 1915 as "genocide." The party's three cabinet ministers and other senior officeholders will resign. By itself, the small ARF party's defection has little significance to the ruling coalition's hold on power; however there is some risk -- still modest -- that the ARF is only the first brick to fall from the ruling party edifice, with weightier pillars potentially also in play. As this unfolds, we will remain engaged with President Sargsian -- and at some point high-level Washington engagement may prove to be needed -- to keep Armenia focused on moving forward Turkish relations despite domestic political pressures. END SUMMARY

¶2. (U) The Armenian Revolutionary Federation's representative on the Governing Coalition, Armen Rustamian, announced the party's resignation from the coalition at a 1:00pm press conference. Rustamian said that the party's leadership had made this decision in protest of the government's recent policies in regard to Turkey and Nagorno-Karabakh (NK). Rustamian did not specify what in particular about the government's policies on Turkey and NK, except to criticize that the government had released a joint communique with Turkey when it did, suggesting that this had deterred President Obama from labelling the Armenian massacres of 1915 as "genocide." Rustamian said that he and ARF leader had met personally with President Sargsian in recent days to discuss these issues, but that the ARF had not been satisfied by the president's stance. Rustamian said that the ARF would become a "constructive opposition" political force. Rustamian said that the party's decision was not connected with the upcoming Yerevan municipal election.

¶3. (U) Prosperous Armenia party leader Gagik Tsarukian also commented on Armenia-Turkey today, noting "if the opening of the Armenian-Turkish border is pre-conditioned on any requirement (concessions from Armenia), then Prosperous Armenia will follow the ARF's example and leave the coalition." He went on to state, however, that he did not believe this was the case, based on President Sargsian's assurances.

¶4. (U) With the ARF's departure from the ruling coalition, it will lose its three cabinet minister portfolios (Agriculture, Education and Science, and Labor and Social Affairs), its deputy speakership of parliament, and a number of deputy minister positions. It will also lose its regional governor position (Aragotsotn region) and three deputy

regional governors.

¶15. (C) Ruling Republican Party Secretary Samvel Nikoyan commented to us privately that the ARF will now likely form some kind of alliance with the opposition Heritage Party, which virulently opposes any relationship with Turkey without Turkey first admitting and apologizing for "genocide." Nikoyan also predicted the move would significantly enhance the ARF's electoral appeal for the upcoming Yerevan election May 31. We had heard of previous overtures from the ARF to Heritage, which Heritage had rejected because it wanted nothing to do with the rulin coalition, but that objection presumably has fallen away. Both parties have strong views about holding Turks accountable for the 1915 massacres, and both have strong ties to the Armenian Diaspora abroad.

¶16. (C) COMMENT: The loss of the Dashnaks does no real immediate harm to President Sargsian's control of government or parliament. The party's parliamentary faction includes just 16 of 131 seats (some of which are not party list seats, but independently elected). We do not exclude the possibility, in fact, that the ARF defection was pre-cooked with President Sargsian for mutual tactical political gain, although it is more likely a genuine policy disagreement. What could be more problematic for President Sargsian would be a larger public backlash against the Turkish rapprochement process that created a domino effect of more defections. This could happen if, for example, the hawkish ex-President Kocharian were able to stir up populist outrage against aspects of the deal -- which would be easy to do -- as a vehicle for unseating Sargsian. The Dashnaks have always been much closer to Kocharian than to Sargsian -- Prosperous Armenia is Kocharian's instrument -- and indeed there are many Republican Party figures who would happily jump on a Kocharian bandwagon should one develop. This is precisely

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how Kocharian (with Serzh Sargsian and the late Vazgen Sargsian) toppled Levon Ter-Petrossian from power in 1998: taking advantage of nationalist outrage over NK peace talks and rallying regime insiders to their banner until Ter-Petrossian's ruling party was an empty shell. Such a scenario is at least conceivable, but we do not think we are anywhere near such a crisis point. For the time being, President Sargsian remains firmly in control.

YOVANOVITCH